

**MINUTES OF THE
COMMERCE AND WORKFORCE SERVICES
APPROPRIATIONS SUBCOMMITTEE**
Room S210, Senate Building, State Capitol Complex
February 5, 2009

MEMBERS PRESENT: Rep. Michael Morley, Co-Chairman
Sen. Karen Mayne
Rep. Jim Bird
Rep. Susan Duckworth
Rep. Jim Dunnigan
Rep. Lynn Hemingway
Rep. Brian King
Rep. Ryan D. Wilcox

MEMBERS EXCUSED: Sen. David Hinkins, Co-Chairman
Sen. Dan Liljenquist

STAFF PRESENT: Danny Schoenfeld, Fiscal Analyst
Karen Mitchell, Committee Secretary

Note: A list of handouts and visitors lists will be filed with committee minutes.

Co-Chair Rep. Morley called the meeting to order at 2:15 p.m.

MOTION: Rep. Hemingway moved to approve the minutes of February 2, 2009. The motion passed unanimously with Rep. Dunnigan and Rep. Wilcox absent for the vote.

Utah State Office of Rehabilitation

Danny Schoenfeld, Fiscal Analyst, explained to the committee that the Office of Rehabilitation is maintaining their current level of funding. As stated in previous meetings, a portion of their funding comes from the Federal Government. FTEs remain stable with few exceptions. About \$19 million comes from Uniform School Funding the remainder comes from dedicated credits or federal fund. The total budget for the USOR totals \$67.8 million.

The following Agencies operate under the direction of the USOR: Rehabilitation Services, Independent Living, Disability Determination Services, Deaf and Hard of Hearing, and Blind and visually Impaired.

The Analyst recommends the base budget amount of \$67.8 million be approved. The majority of that amount coming from federal funding.

Donald R. Uchida, Executive Director thanked the committee, co-chairs and the Analyst for

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their continued support of the Department during all of the budget cuts.

Mr. Uchida turned the time over to Kris Fawson.

Ms. Fawson introduced people from the various agencies that spoke on behalf of the services the receive:

Aaron Gale, Vocational Rehabilitation Services
Linda Oldham, Blind and Visually Impaired Services
Jodi Kinner, Deaf and Hard of Hearing Services
Andy Curry, Independent Living
Sean Atkisson, Assistive Technology

Rep. Duckworth thanked those who had addressed the committee for their message.

Insurance Department

The Analyst stated that the FTE count for the Insurance Department has leveled at about 94 or 95. The all funds has steadily increased due to the HIPUtah program being part of the Department.

The Department is requesting \$253,900 dedicated credits to provide three fraud investigators to manage the increased number of fraud investigations. In addition they are requesting three fleet vehicles for the Insurance Fraud Division.

The Department of Insurance receives the majority of its revenue form the general fund. The agency also receives a portion of its revenue from Dedicated Credits. The total budget for the Department of Insurance totals \$47.2 million which also administers the Utah High Risk Insurance Pool.

The Analyst further explained the fee schedule for the Department, noting the change from the prior year is a result of the reduction of the electronic processing fee. In addition he mentioned the fee establishments for the Title Recovery Insurance as well as the change in the Professional Employer Organization which are new fees instituted as a result of House Bill 159.

Kent Michie, Commissioner of Insurance, turned the time over to Tomi Ossana, Executive Director HIPUtah. A handout was provided to the committee and a slide presentation followed. Ms. Ossana explained that the Utah Legislature has increased HIPUtah's funding in the past in an effort to maintain HIPUtah's net assets at an adequate level. The HIPUtah Board's goal has been to work towards a level funding mechanism to maintain a six month reserve level based on 3 years of projections as was recommended by the HIPUtah Task force in 2003.

If HIPUtah had received level or even funding since the inception, the average change in appropriations per year would have only been \$513,000 which would have put HIPUtah's base budget at \$10.8 million for FY 2009. Because a smooth appropriation tactic has not occurred

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throughout its history decreases in appropriation have led and will lead to bigger increases in the future.

Ms. Ossana gave the following summary: HIPUtah is the insurance of last resort and covers the sickest of the sick, it provides HIPAA portability and protects the individual insurance market in the state of Utah. Due to this important role HIPUtah plays, enrollment and claim costs continue to increase. Because of this trend, the HIPUtah Board requests that the Legislature strongly consider its continued support in providing adequate funding for HIPUtah to maintain actuarially-based reserves. This will enable the program to continue providing health insurance coverage to this at-risk population in the state.

Due to the unpredictability of this program requested funding could be affected by many factors including: Change in the economy; Increase in cost of care; Health insurance reform; and/or Federal funding loss for the low income subsidy program.

Ms. Ossana further explained Fiscal Projections for years 2009-2012. She then summarized her presentation by stating that HIPUtah is the insurance of last resort and covers the sickest of the sick, it provides HIPAA portability and protects the individual insurance market in the state of Utah. Due to this important role HIPUtah plays, enrollment and claim costs continue to increase.

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Mr. Michie thanked the committee for their support of the Insurance Department. He stated that they support the Governors Budget and feels it is realistic in their point of view.

Mr. Michie explained to the committee about the Captive funds and companies stating we are among one of the fastest Captive Domiciles in the country. Because of the increases in this area, they are requesting two additional people that would be financial examiners to work in this department. Funding from this request would come from fees that are collected from companies that pay them fees.

Mr. Michie with the assistance of Doyle Christensen, Director Administrative Services, responded to questions from the committee.

MOTION: Rep. Dunnigan moved to adjourn. The motion passed unanimously.

Rep. Morley adjourned the meeting at 3:24 p.m.

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Sen. David Hinkins

Rep. Michael Morley